

Beaverhead County Farm Service Agency News

July 2008

Farm Service Agency
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COUNTY COMMITTEE

David Schuett, LAA 1
Donna Hildreth, LAA 3
Jerry Meine, LAA 2

Chair
Vice-Chair
Regular Member

OFFICE STAFF

Alan Jenne Farm Loan Manager, Acting CED
Jenny Rose Program Technician
Carrie Catling Office Clerk

Signup for Crop Disaster Program Quality Losses Begins

Eligible producers who suffered quality losses to their crops during 2005-2007 can begin signing up for benefits in the Crop Disaster Program (CDP).

The program is open to anyone who suffered losses to their 2005-2007 crops from natural disasters and related conditions. Producers who incurred qualifying quality losses in 2005, 2006, or 2007 may receive benefits for only one of these years. However, producers may apply for benefits for losses to multiple crops as long as the losses occurred in the same crop year.

To receive benefits from CDP for quality losses, producers must have had crop insurance or been covered under the Noninsured Crop Disaster Assistance Program (NAP) for the disaster year that the quality loss occurred. Producers must have suffered quality losses of at least 25 percent and also suffered an economic loss of 25 percent compared to the crops value if the crop had not suffered a quality loss to be eligible for CDP quality loss benefits.

In determining affected production, participants in CDP must supply verifiable production records to the FSA county committee to substantiate the level of quality loss. Verifiable production records must include the quantity of production; indicate the level of quality loss and the price.

Verifiable production records include, but are not limited to: commercial receipts, settlement sheets, warehouse ledger sheets, load summaries or acceptable forage test. Production of a commodity sold under a marketing contract is eligible for CDP quality loss. Producers have the option to submit marketing contracts. If the marketing contract is determined to be a valid contract then the contract price will be used to calculate the loss levels for quality and the quality payment. Signup for the program began June 23rd. Currently no ending date has been set.

Direct and Counter-cyclical Payment Program signup Begins

Signup for the DCP program began June 25th and will end September 30, 2008.

Commodities covered by DCP include wheat, corn, grain sorghum, including dual purpose varieties that can be harvested as grain; barley, oats, soybeans, canola, flaxseed, mustard, safflower, crambe, sesame seed, rapeseed and sunflowers including oil and non-oil varieties. Beginning with the 2009 crop year, pulse crops, including chickpeas (both Kabuli (large) and Desi (small) Garbanzo beans), dry peas, and lentils will be added as covered commodities. Chickpeas, both Kabuli and Desi Garbanzo beans are not considered a vegetable beginning with 2008.

Annually, producers must sign a CCC-509, DCP contract, designating shares. The CCC-502 (Farm Operating Plan for Payment Eligibility Review for an Individual) and an AD-1026 (Highly Erodible Land Conservation and Wetland Conservation Certification) need to be on file to be eligible for payments.

DCP base acres in effect on September 30, 2007 will be in effect for 2008. Producers on a farm with a total of 10 base acres or less are not eligible to receive payments on that farm unless the farm is wholly owned by a minority or limited resource farmer or rancher.

The 2008 Farm Bill also provides for restoring base acreages when a Conservation Reserve Program (CRP) contract expires or is voluntarily terminated provided there is enough effective DCP cropland acreage on the farm to support the base.

Payment rates for eligible crops were fixed in the 2008 Farm Bill. Direct payment rates are:

Crop	2008 Payment Rate
Barley	\$0.24/bu
Corn	\$0.28/bu
Grain Sorghum	\$0.35/bu
Oats	\$0.024/bu

Other Oilseeds	\$0.80/cwt
Soybeans	\$0.44/bu
Wheat	\$0.52/bu

Payment acreage for the 2008 DCP is equal to 85 percent of the eligible base acreage.

Changes to Revocable Trusts, Estates, and Limited Liability Companies (LLCs)

The 2008 Farm Bill implemented new changes to the way FSA deals with revocable trusts, estates, and LLCs. The major changes are:

Estates can no longer use the Social Security Number (SSN) of the deceased individual. The estate must obtain an IRS Employer Identification Number (EIN) for the estate. Once a producer is deceased, payments must be made to the EIN.

Revocable trusts must now obtain an EIN if a third party is serving as trustee or successor trustee. Revocable trusts with a single person serving as grantor, beneficiary, and trustee, who does not hold another interest in an entity earning payment or as an individual may continue to use their SSNs as an identifying number.

Beginning in FY 2009, beginning October 1, 2008, LLC's with one member must use a tax ID number.

These changes are effective immediately.

Revocable Trusts with a third party serving as trustee that are currently operating under a SSN will be required to provide a tax ID number prior to any future program sign ups. LLCs using a SSN will be required to obtain an EIN prior to FY2009 program signups.

Web addresses for the IRS policies requiring estates and LLCs to have a Tax ID number are available at <http://www.irs.gov/pub/irs-pdf/p1635.pdf> page 16, section H, LLC.

LIP and LCP Signup Deadline

The deadline for the 2005-2007 Livestock Compensation Program (LCP) and Livestock Indemnity Program (LIP) is July 18, 2008.

LIP provides payments to livestock owners and contract growers whose livestock died because of a natural disaster. LCP provides payments to livestock owners and cash lessees who suffered feed losses or increased feed costs because of a natural disaster.

Losses must have occurred between January 1, 2005 and December 30, 2007 because of a natural disaster.

2008 Reconstitutions

The 2008 Farm Bill states a producer of a farm with base acres of 10.0 acres or less may not receive direct payments, counter-cyclical payments or average crop revenue election payments except if the farm is owned by a minority or a limited resource farmer or rancher. Producers may no longer request that these farms be combined with another farm except in limited circumstances.

A farm having base acres of 10.0 acres or less may be combined with another farm if one of the farms undergoes a change in land ownership and the new owners of each of the farms participating in the combination are identical and have identical shares in each property involved.

Producers must request reconstitutions by August 1, 2008.

Adjusted Gross Income Provisions

The 2008 Farm Bill continues the administration of the \$2.5 million adjusted gross income (AGI) limitation for all 2008 crop, program, or fiscal year commodity and conservation programs.

2008 program participants may need to file new CCC-526 (2008 Payment Eligibility Average Adjusted Gross Income Certification) forms.

According to the 2008 Farm Bill, new AGI limitations for 2009 will require new forms to be completed by all producers for the 2009 crop year programs.

Contact the office for details.

2008 Farm Bill Provides Changes to Farm Loans

Some of the changes relating to the Farm Bill effective May 22, 2008:

- The maximum loan amount authorized for Direct Farm Ownership or Farm Operating loans has increased from \$200,000.00 to \$300,000.00 per program.
- Down Payment Loan Program has been modified by several changes in the Farm Bill. The program is expanded to include Socially Disadvantaged farmers in addition to beginning farmers and ranchers. The interest rate is specified as the greater of the direct FO regular rate less 4% or the floor of 1.5%. The maximum loan amount is an amount not to exceed 45 % of the purchase price, appraised value or \$225,000.00. The loan term is extended from 15 to 20 years and the down payment has been reduced from 10% to 5%.
- Direct loan assistance for farm ownership loans has been modified on the amount of farming experience one needs to be eligible for the loan program. Farm experience will be considered without regard to time elapsing between when the experience occurred. No longer requires three consecutive years of experience prior to making application.

Hazardous Fuels Reduction Program

Resource Conservation & Development Areas (RC&D's) across Montana have joined forces with Extension Service Offices to assist landowners with creating defensible space around their homes. By doing this, landowners will reduce the risk of catastrophic wildfire and implement management practices that increase forest health.

The program provides technical and financial assistance for landowners to develop and implement a hazardous fuels mitigation plan. Grant funding is available for landowners to assist with cost-share for paying for fuels reduction work (clearing, thinning, and trimming vegetation).

For an RC&D office near you, contact your local Natural Resources Conservation Service located in the USDA Service Center.

Women Stepping Forward for Agriculture Symposium

The symposium will be held September 30 and October 1 in Billings at the Depot and Clock Tower Inn. Registration is \$60.00 and is due September 15th. A detailed agenda and registration information is available on the Montana FSA website at <http://www.fsa.usda.gov/mt>.

COC Nominations Open

Nominations for positions on the FSA County Committees are now open. Anyone interested in either nominating themselves or their neighbors are encouraged to submit a nomination form to the office by August 1.

A county or area served by the county committee is divided into local administrative areas (LAA). Each LAA is represented by one member on the county committee. Only one LAA holds an election each year. You must reside within the LAA that is open for election to be eligible to run for a position on the county committee. Contact the office to determine which LAA is open for nominations.

All eligible voters will receive a ballot in the mail no later than November 2. At that time, all eligible voters will vote for their favorite candidate, sign the ballot and return the completed ballot to the county office by December 3.

Nomination forms are available at the office or by logging on to the Montana FSA website at: <http://www.fsa.usda.gov/mt>.

Buy-in Waiver for Supplemental Agricultural Disaster Assistance Programs Underway in New Farm Bill

FSA will allow producers who would otherwise be ineligible for the new disaster assistance programs to become eligible by paying a fee as required by the Food, Conservation and Energy Act of 2008 (the 2008 Act).

The 2008 Act requires producers who wish to participate in the new disaster programs to have crop insurance or non-insured crop disaster assistance (NAP) coverage for the land for which assistance is being requested, and for all farms in all counties in which they have an interest. Since the 2008 Act was enacted after the application periods had closed for those programs, producers who did not have such coverage could not comply with this

requirement in order to be eligible for the new disaster programs. However, the 2008 Act authorizes a waiver that allows producers to pay a fee, called a "buy-in" fee, to be eligible for this new disaster assistance.

Every producer whose crops, including grazing lands, are not fully covered by crop insurance or NAP may take advantage of this one-time opportunity. The buy-in fee is due no later than Sept. 16, 2008, 90 days after the date of enactment, as required by the 2008 Act. Those who miss this opportunity will not be eligible for disaster assistance. Producers are also reminded that the payment of the applicable buy-in fee does not afford the producer crop insurance or NAP coverage; it only affords eligibility for the 2008 disaster programs.

The buy-in fee for **2008 eligibility only** for either the catastrophic risk protection insurance (CAT) or NAP is \$100 per crop, but not more than \$300 per producer per administrative county, or \$900 total per producer for all counties less any previously paid fees for CAT and/or NAP.

The applicable buy-in form must be completed and applicable fees paid by Sept. 16, 2008. Payment of the applicable fees will allow the producer to be eligible for benefits for losses under Supplemental Revenue Assistance Payments (SURE) Program, Livestock Forage Disaster Program (LFP), Tree Assistance Program (TAP), and Emergency Assistance Livestock, Honeybees and Farm-Raised Fish Program (ELAP).

The 2008 Act authorizes funds to be used to make payments to farmers and ranchers incurring eligible crop production/quality losses under the SURE Program, grazing losses under LFP, livestock death losses under LIP, and losses suffered by producers of livestock, honeybees, and farm-raised fish under ELAP. The 2008 Act also authorizes TAP. To be eligible for SURE, TAP, and ELAP, producers must meet the Risk Management Purchase Requirement by purchasing at least the CAT level of crop insurance for all insurable crops and/or NAP coverage for non-insurable crops. To be eligible for LFP, producers must meet the Risk Management Purchase Requirement by purchasing or obtaining for the grazing land incurring the losses where assistance is being requested, a policy or plan of insurance under the Federal Crop Insurance Act, including pilot programs such as the Pasture, Rangeland, Forage Program (PRF) or NAP coverage by filing the required paperwork and paying the administrative fee by the applicable State filing deadline. The Risk Management Purchase Requirement does not apply to LIP.

Please contact your local FSA office for more information.

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Dates to Remember...

**July 15th
July 18th
August 1st
August 15th
Sept. 16th**

**Final date to submit 2007 production
LCP Deadline
Reconstitution Deadline
Acreage Report Deadline
Deadline to purchase buy-in waivers**

Filing a NAP Notice-of-Loss

To qualify for assistance under NAP, production losses or prevented planting must have occurred as a result of an eligible cause of loss. An eligible cause of loss is any of the following:

- damaging weather, such as drought, freeze, hail, excessive moisture, or excessive wind; or
- adverse natural occurrences, such as earthquake or flood; or
- a condition related to damaging weather or an adverse natural occurrence, such as excessive heat, disease or insect infestation.

Wildlife damage and weeds are **not** considered eligible causes of loss under NAP.

A notice of loss must be provided within 15 calendar days after the:

- disaster occurrence or date damage to the specific crop acreage is apparent to the producer for yield losses;
- final planting date for prevented planting.